

FISCAL NOTE

SB 2063 - HB 2806

January 29, 1998

SUMMARY OF BILL: Allows property and casualty agents to charge a fee in addition to the premium which is charged according to the insurer's rate and rule filings.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - Exceeds \$17,000,000

Estimate assumes that insurance companies would eliminate commissions from rates paid to agents and allow agents to charge fees for their compensation. Such commissions are included in the basis for taxes collected by the Department of Commerce on property and casualty premiums. The breakdown is as follows:

Property and Casualty Premiums	\$4,177,767,000
Average Commission Rate	15%
Amount of Commission Taxed	\$ 626,665,050
Tax Rate	2.5%
Subtotal	<u>\$ 15,666,626</u>
Workers' Compensation Premiums	\$ 619,080,000
Average Commission Rate	5%
Amount of Commission Taxed	\$ 30,954,000
Tax Rate	4.4%
Subtotal	<u>\$ 1,361,976</u>
TOTAL	<u>\$ 17,028,602</u>

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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